

Message Text

CONFIDENTIAL

PAGE 01 JAKART 01308 291051Z

10

ACTION PM-04

INFO OCT-01 EA-07 ISO-00 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 L-03 H-02 PRS-01 PA-01 IGA-02 MC-02 ACDA-05

AID-05 OMB-01 TRSE-00 /063 W
----- 083515

P R 290943Z JAN 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2437

SEDDEF PRIORITY

INFO CINCPAC

C O N F I D E N T I A L JAKARTA 1308

CINCPAC FOR J4 AND POLAD

E.O. 11652: GDS

TAGS: MASS, ID, US

SUBJ: FY 1977 MILITARY SECURITY ASSISTANCE - FMS CREDIT

REF: STATE 017013 (DTG 230319Z JAN 76)

A. ON BASIS RECENT AND CONTINUING DISCUSSIONS WITH
AUTHORITATIVE OFFICIAL OF GOI DEPT OF DEFENSE AND SECURITY
(HANKAM) CONCERNING PLANNING FOR FUTURE US SECURITY
ASSISTANCE, WE FEEL CONFIDENT THAT HANKAM WOULD WISH TO
ACCEPT FY 77 FMS CREDIT TOTALLING \$23.1 MILLION, AS PRO-
POSED PARA 3 REFTEL. IN FACT, IN COURSE OF COMBINED
PLANNING WITH USDLG, HANKAM OFFICIALS HAVE EXPRESSED INTEREST
IN CREDIT LEVEL OF UP TO \$36.9 MILLION.

B. MAJOR ITEMS TO BE PROCURED ARE: (\$ MILLIONS)

1ST PRIORITY - CONTINUED PAYMENT PSMM \$12.0

2ND PRIORITY - FINAL PAYMENT 16 UH-1H \$ 1.6

3RD PRIORITY - ONE S-61N HELICOPTER \$ 2.5

4TH PRIORITY - TWO S-61R HELICOPTERS \$ 7.0

TOTAL \$23.1

IF ADDITIONAL CREDIT IS AVAILABLE, ITEMS DESIRED ARE AS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 01308 291051Z

FOLLOWS: (\$ MILLIONS)

ONE S-61R HELICOPTER	\$ 3.8
CONVERSION OF SMALL ARMS PLANT	\$10.0
TOTAL	\$13.8
GRAND TOTAL \$36.9 MILLION	

THESE PRIORITIES REFLECT GOI PERCEIVED REQUIREMENTS FOR INCREASED SURVEILLANCE AND MOBILITY CAPABILITIES FOR INTERNAL SECURITY IN VIEW OF POTENTIAL INFILTRATION/SUBVERSION FOLLOWING FALL OF INDOCHINA. ITEMS TO BE PROCURED COMPLEMENT FY 76 PROGRAM IN FULFILLING THESE REQUIREMENTS. MISSION CONSIDERS PROCUREMENT OF THESE ITEMS ENTIRELY JUSTIFIED.

C. PROVISION OF CREDIT WILL SUPPORT US FORCE GOAL OF INDONESIAN SELF-SUFFICIENCY AND WILL ALSO ENHANCE INDONESIAN CAPABILITY, THROUGH AIR AND SEA SURVEILLANCE, TO DETECT INFILTRATION OF ARMS AND PERSONNEL TO SUPPORT INSURGENCY. IN ADDITION, IMPROVED AIR MOBILITY WILL HELP PROVIDE QUICK-REACTION COUNTERINSURGENCY CAPABILITY WITHIN ARCHIPELAGO.

D. MODERNIZATION OF INDONESIAN ARMED FORCES HAS ASSUMED GREATER URGENCY AS RESULT OF FALL OF INDOCHINA, WHICH HAS MADE INDONESIA'S NORTHERN APPROACHES MORE VULNERABLE AND PLACED INDONESIA ON FRONT LINE OF DEFENSE AGAINST POSSIBLE FURTHER COMMUNIST EXPANSIONISM IN SOUTHEAST ASIA.

E. CREDIT, GRANT AID, AND GRANT TRAINING COMPONENTS OF FY 77 PROPOSALS HAVE BEEN DESIGNED TO PROVIDE COORDINATED PROGRAM TO SUPPORT PRIORITY GOALS FOR MODERNIZATION OF INDONESIAN ARMED FORCES. TOTAL PROGRAM IS BASED ON MULTI-YEAR USDLG-HANKAM JOINT PLANNING AND REFLECTS PRIORITIES SET FORTH BY INDONESIANS IN WASHINGTON DISCUSSIONS WITH DOD/STATE REPRESENTATIVES IN SEPT 1975.

F. PROVISION OF FMS CREDIT WILL SUPPORT US POLICY OBJECTIVES OF (1) PROVIDING TANGIBLE EVIDENCE OF US SUPPORT TO GOI, (2) CONTRIBUTING TO MAINTENANCE OF FRIENDLY GOI RELATIONS WITH US, (3) PROVIDING SUPPORT FOR DEVELOPMENT OF EFFECTIVE INDONESIAN MILITARY ESTABLISHMENT ABLE TO MAINTAIN INTERNAL SECURITY AND SELF-DEFENSE AND TO ACT AS STABILIZING ELEMENT WITHIN INDONESIA AND IN SEA REGION, (4) PRESERVING US ACCESS TO INDONESIAN RAW MATERIALS AND AIR AND SEA LINES OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 01308 291051Z

COMMUNICATION, AND (5) ENHANCING EVENTUAL DEFENSE MATERIEL COMPATABILITY IN SEA REGION.

G. AIRCRAFT AND SHIPS PROPOSED FOR FMS CREDIT FUNDING IN FY 77 LACK LONG-RANGE LOITER/STRIKE CAPABILITY AND ARE CLEARLY INTENDED FOR DEFENSIVE PURPOSES. CURRENT GOI MILITARY PREPAREDNESS IS LOW; AND PROPOSED NEW FMS CREDIT ACQUISITIONS, INCLUDING SMALL ARMS PLANT, WILL NOT UPSET ARMS BALANCE IN

REGION, STIMULATE ARMS RACE OR PRESENT THREAT TO OTHER NATIONS
IN REGION, WHICH GENERALLY POSSESS SUPERIOR ARMAMENTS.

H. GOI BUDGETARY RESOURCES AVAILABLE FOR DEFENSE HAVE LONG
BEEN EXTREMELY LIMITED. SUHARTO GOVERNMENT HAS KEPT
MILITARY EXPENDITURES LOW IN ORDER TO CONCENTRATE AVAILABLE
FINANCIAL RESOURCES ON ECONOMIC DEVELOPMENT AND DESIRES
CONTINUE THIS POLICY DESPITE INCREASED THREAT FROM NORTH
ARISING FROM FALL OF INDOCHINA WHICH HAS MADE MODERNIZATION
OF INDONESIAN ARMED FORCES MUCH MORE URGENT. ACCORDINGLY, GOI
HAS REQUESTED INCREASED ASSISTANCE--BOTH GRANT AND CREDIT--
FROM US. GOI'S MILITARY ASSISTANCE NEEDS WERE AMONG TOPICS
DISCUSSED AT SUHARTO-FORD TALKS DURING 1975 IN CAMP DAVID AND
JAKARTA AND WERE SUBJECT OF SPECIAL INDONESIAN MILITARY
MISSION WHICH VISITED WASHINGTON IN SEPTEMBER 1975.

I. MISSION DOES NOT BELIEVE THAT RECOMMENDED FY 77 FMS CREDIT
FOR INDONESIA OF \$36.9 MILLION IS OF SUFFICIENT MAGNITUDE TO
PLACE UNDESIRABLE BURDEN ON INDONESIA'S FOREIGN EXCHANGE
RESOURCES, PRODUCE EXCESSIVE CLAIMS ON FUTURE BUDGETS, OR
INTERFERE WITH DEVELOPMENT.

J. GOI HAS MADE ALMOST NO USE OF CREDIT FOR MILITARY PURCHASES
IN RECENT YEARS, BUT WILL PROBABLY BE INCREASING USE OF CREDIT
IN FUTURE BECAUSE OF SCARCITY OF GRANT AID AND DESIRE TO
ACCELERATE ARMED FORCES MODERNIZATION PROGRAMS. A NUMBER OF
CASH PURCHASES PLANNED BY THE GOI RELATE TO THEIR NEED
FOR IMPROVED MOBILITY AND AIR AND SEA SURVEILLANCE, E.G.
ACQUISITION OF US LPRS AND PROPOSED PURCHASE, STILL UNDER
DISCUSSION, OF FRIGATES FROM DUTCH.
NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, SECURITY, CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART01308
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760034-0019
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760110/aaaaaila.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 17013
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 20 JAN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JAN 2004 by morefirh>; APPROVED <16 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 1977 MILITARY SECURITY ASSISTANCE - FMS CREDIT
TAGS: MASS, ID, US
To: STATE DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006